



August 14, 2012

Mr. Michael A. Curto, Chairman
Members of the Board of Directors
Metropolitan Washington Airports Authority
1 Aviation Circle
Washington, DC 20001

Dear Chairman Curto and Members of the Board of Directors:

The effective and ethical management of the federally-owned Ronald Reagan Washington National Airport and Dulles International Airport is of the highest importance to the Washington Metropolitan region. The MWAA is entrusted with the operation of the two airports under the Metropolitan Washington Airports Act of 1986 and a lease with the Secretary of Transportation. By statute, MWAA is a public body, managing and operating important federal assets, and the Board of Directors is expected to conduct its business with the utmost integrity and with continuous regard for the public that it serves. As such, MWAA has a responsibility to operate in a manner that is transparent and accountable both to the public and to the authorities who appoint the Board. Recent reports, however, have raised serious doubts about the ability of the Board to competently promote, protect and manage the Airports and other transportation activities.

We are gravely concerned with the lack of accountability, transparency, and sound judgment that has come to light regarding the Board's recent activities. In May, the U.S. Department of Transportation's Inspector General issued a draft audit report of MWAA's operations that raised serious concerns about MWAA's policies and procedures in contracting, ethics, and travel, and the lack of transparency and accountability in the activities of MWAA's Board. The Inspector General raised concerns related to nepotism and provided examples of Board members participating in matters in which they have potential conflicts of interest. The report revealed excessive Board spending on air travel, meals, and wine. Overall, the report depicts an organization that conducts much of its business behind closed doors, awards many of its contracts on a sole-source basis, and is in desperate need of reform.

Against this backdrop, we are outraged by ongoing reports describing questionable dealings, including the award of numerous lucrative no-bid contracts to former Board members and employees and the employment of former Board members. It has become clear that MWAA's policies and procedures are deficient and lack the safeguards necessary to ensure the principled oversight of nationally and regionally significant assets. The Board needs to restore the confidence of its appointing officials and the public.

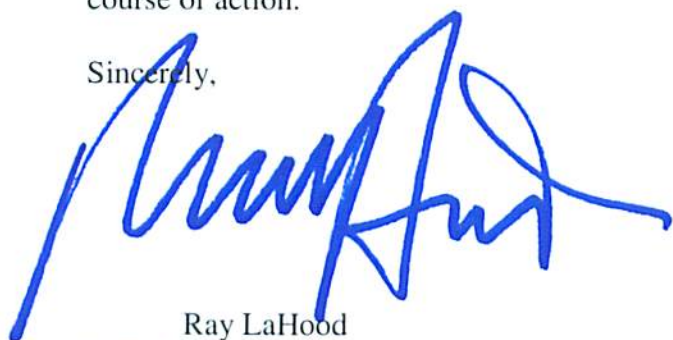
As you know, the Secretary of Transportation has appointed a Federal Accountability Officer to ensure that these concerns are promptly addressed. We expect that you will grant her access to personnel and documents, and inform her in advance of, and provide access to, all Board of Directors meetings, including executive sessions. With her guidance, you must upgrade your

procurement and travel policies and procedures, ethics code, and bylaws, bringing them in line with best Federal practices. In particular, the following reforms must be instituted immediately, in the most appropriate and lawful manner:

- Swiftly overhaul financial, procurement, and human resources policies and adopt policies in line with Federal standards for transparency and fairness in these categories;
- Terminate all existing contracts with former Board members and former employees that were not competitively bid;
- Terminate all existing employment relationships with former Board members;
- Adopt post-employment restrictions for Board members and employees that meet Federal standards;
- Strengthen your ethics code to guard against conflicts of interest and provide annual ethics training to Board members and employees;
- Tighten travel procedures to eliminate wasteful spending. These procedures should be consistent with Federal requirements;
- Implement a transparency program that requires open meetings and the posting of meeting announcements, agendas, and all minutes on the internet. This program must ensure executive sessions are used for limited and proper purposes; and
- Strengthen all oversight, construction planning and management programs to find ways to reduce design, construction, and operating costs of airport facilities and the rail to Dulles project.

The Board must undertake all of these actions and more if it is to regain the trust of the public we all serve. Your candor and wholehearted implementation of these changes is the only acceptable course of action.

Sincerely,



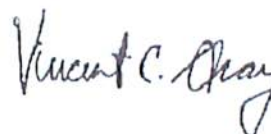
Ray LaHood
U.S. Secretary of Transportation



Robert F. McDonnell
Governor of the Commonwealth of Virginia



Martin O'Malley
Governor of the State of Maryland



Vincent C. Gray
Mayor of the District of Columbia

cc: The Honorable Thomas M. Davis III, Robert Clarke Brown, Richard S. Carter, the Honorable William W. Cobey Jr., Frank M. Conner III, the Honorable H.R. Crawford, Shirley Robinson Hall, Michael L. O'Reilly, Warner H. Session, Todd A. Stottlemeyer, and John E. Potter.